

VZCZCXRO4211
PP RUEHCHI RUEHDT RUEHGH RUEHHM RUEHNH RUEHVC
DE RUEHCN #0203/01 2680840
ZNY CCCCC ZZH
P 250840Z SEP 09
FM AMCONSUL CHENGDU
TO RUEHC/SECSTATE WASHDC PRIORITY 3416
INFO RUEHOO/CHINA POSTS COLLECTIVE
RUCNASE/ASEAN MEMBER COLLECTIVE
RHEHAAA/NSC WASHINGTON DC
RUEHCN/AMCONSUL CHENGDU 4107

C O N F I D E N T I A L SECTION 01 OF 03 CHENGDU 000203

SIPDIS

DEPT FOR EAP/CM AND EAP/MLS - LAURA SCHEIBE

E.O. 12958: DECL: 9/25/2019
TAGS: [PREL](#) [PHUM](#) [PGOV](#) [BM](#) [CH](#)
SUBJECT: PRC-BURMA BORDER: CHINESE ACADEMICS SAY PRC INFLUENCE
LIMITED

REF: A) RANGOON 644, B) RANGOON 601, C) CHIANG MAI 130, D) BEIJING 2493

CHENGDU 00000203 001.2 OF 003

CLASSIFIED BY: David E. Brown, Consul General.

REASON: 1.4 (b), (d)

¶1. (C) Summary: Chinese officials from both the central government and Yunnan Province are directly involved in current negotiations between the Government of Burma (GOB) and the leadership of ethnic minority "ceasefire groups" in northern Burma, according to a Kunming-based scholar. Other Chinese scholars suggested, however, that PRC influence over GOB actions on the border was limited and that the GOB did not give advance warning to the PRC about its attack in Kokang, part of a strategy to force armed ethnic groups to accede to GOB authority before planned 2010 national elections. PRC government response to the border tensions was partly driven by "netizen" outrage over the attack. Chinese scholars also stated that Chinese businesses investing in Burma will have to suspend many of their activities in the short term, and reorient their business relationships away from local authorities to the central government in the long-term. One scholar speculated that the PRC may reconsider the Burma-China oil and gas pipeline agreement. Although many of those who fled the Kokang clashes remain in China, including several hundred Kokang soldiers now remaining in a "designated area," they will not be labeled as refugees to avoid triggering international obligations, one scholar noted. End summary.

PRC Influence Limited

¶2. (C) Yunnan University Institute of Southeast Asia Studies Director Li Chenyang told ConGenOff September 17 that Chinese officials from both the central government and Yunnan Province were directly involved in current negotiations between the GOB and the leadership of ethnic minority "ceasefire groups" in the areas bordering the southern Chinese province of Yunnan, including the Kokang and Wa. Professor Li expressed confidence that between these negotiations and the increased Burmese Army (BA) presence in these areas, the GOB can "maintain security" in the short term and extend firm control over these areas in the longer term. Professor Li argued that the United Wa State Army (UWSA) has no current source of armaments and would therefore quickly run out of supplies if they opted to directly engage the BA. Moreover, he asserted, the UWSA lacked effective military leadership. The current leaders were all over 45 years old, he noted, and had failed to cultivate a younger generation to take their place. Li said that the Wa leadership could be convinced to "retire" with sufficient economic incentive, such as being granted control of large companies, and that the lower ranks lack the power to object to such arrangements. (Note: Embassy Rangoon believes the Wa are well-armed and well-financed, and would not be inclined to accept a "buy-out." DEA Rangoon notes

the UWSA produces its own weapons in numerous factories scattered throughout Wa territory. End note.)

13. (C) Regarding the Kokang, Professor Li acknowledged that the new local leadership allied with the BA commands only a small number of soldiers and that as a consequence "it is difficult" for them to control the Kokang territory on the GOB's behalf. However, he asserted, interim support from the BA will close the gap while they work out longer-term arrangements.

14. (C) Expressing a skeptical view of China's role on the Burma border, Yunnan Academy of Southeast Asian and South Asia Studies Professor Zhu Zhenming told EmbOff September 15 that the PRC government has "no influence" over the BA and said the PRC could do little more than reiterate PRC MFA Spokesperson's August 28 statement urging Myanmar to maintain stability in the border region and to "protect the security and legal rights of Chinese citizens in Myanmar." "China is certainly not going to threaten Burma (with military force)," Zhu insisted, adding that the Burmese junta would not respond to outside pressure. Yunnan University School of International Studies Vice Dean Qu Jianwan separately concurred, telling EmbOff September 15 that the Burmese junta was unconcerned about foreign views, including the PRC's, on its military actions, arguing that the only factor the junta would consider in continuing its current campaign was whether it had sufficient force to crush its opponents. Given the huge size advantage of the BA over ceasefire group forces, Qu said, "the junta will get what it wants." (Comment: Embassy Rangoon notes that a battle with the Wa in Wa territory may prove to be very difficult for the BA. End comment.) While acknowledging current tension between the BA and UWSA over the latter's refusal to join the proposed BA-led Border Guard Force (see para 6), neither Professors Zhu nor Qu, however, stated that hostilities were certain to break out.

5.(C) State Council-affiliated China Academy of Social Sciences (CASS) Southeast Asia scholar Han Feng told EmbOff September 15 that the Burmese junta indicated that Burma authorities did not provide Beijing any advance notice before it launched military

CHENGDU 00000203 002.2 OF 003

operations in Kokang and had felt emboldened to take on ethnic militias because the threat to their power from opposition groups had diminished following Aung San Suu Kyi's announced verdict and subsequent confinement through planned 2010 national elections.

Border Situation and 2010 Burma National Elections

16. (C) CASS' Han suggested that recent fighting between BA and ethnic forces was directly linked to the Burmese government's efforts to force armed ethnic groups to accede to the BA authority by joining a BA-led "Border Guard Force" before planned 2010 national elections. Professor Zhu said separately that the BA attack on the Kokang forces in late August had been "unexpected" as China had predicted the Burmese government would implement its border guard force integration measures more gradually in the lead-up to the 2010 elections. Yunnan University Professor Qu argued that tensions on the border would likely continue because the ceasefire groups saw no advantage in joining the BA-controlled border force as such a move, in addition to giving up ultimate authority to the BA, would entail a drastic reduction in the size of their existing militias -- an unappealing prospect for groups that deeply mistrust the Burmese regime.

Netizen Displeasure with PRC Response to Conflict in Kokang

17. (C) CASS' Han described Chinese authorities' sensitivity to online criticism of China's perceived weak response to BA operations against ethnic Han citizens in Burma's Kokang region. Han stated that "netizens" in unanticipated numbers had criticized Chinese authorities for not taking stronger measures to discourage the BA from occupying Kokang, and warned that BA

incursions into the Wa region, which has historical ties to China as a power base of the Communist Party of Burma, would lead to "netizens" placing stronger demands on China to pressure Burma to halt military operations. Han described a widely-circulated web-post that compared Russia's willingness to use force to defend its nationals in Georgia to China's calibrated statement by the Foreign Ministry spokeswoman, and indicated that netizens' unflattering comparison of China to Russia had touched a nerve within the Chinese Communist Party. Yunnan University Professor Zhu dismissed "netizen" reaction to events in Kokang, stating that most did not understand the true situation in Yunnan. He underscored that the Kokang, though ethnically related to Han Chinese, were citizens of Burma and should not be perceived as China's responsibility and that Chinese citizens doing business in Kokang well understood the risks of doing business along the border

A New Strategy for Chinese Investment in Burma?

¶8. (C) Yunnan Professor Li reported that he would meet with scholars and Chinese business representatives to discuss investment strategy in Burma in light of the recent developments. He said that Chinese businesses operating in northern Burma have, to date, been dealing directly with the ceasefire group authorities, but will now be told to cut those relationships and deal only with the Burmese central government. In the meantime, Chinese companies are being asked to suspend investment and trade for a period of several months. Beijing authorities have previously paid relatively little attention to Chinese private investment in Burma, and have limited understanding of the operational environment, he noted, but are now focused on increasing their understanding and developing new regulations.

Impact on Planned Oil Pipeline Project Uncertain

¶9. (C) Professor Li stated that initiation of the Burma-China pipeline project, involving construction of an oil and gas pipeline from Burma's west coast to Kunming, originally due to begin in September, would be delayed until next year. CASS Professor Han suggested, however, that recent conflict in Burma's Kokang region could compel China to re-visit its agreement with Burma on the pipeline project.

¶10. (C) Han cited a four-point argument within the Party to terminate the project: 1) construction would undermine China's message to Burmese authorities to halt conflict and resolve differences with ethnic groups through peaceful means; 2) media reports of Chinese construction workers building a pipeline in Burma at the same time as BA forces were routing ethnic Han forces in northern Burma would arouse strong public opposition

CHENGDU 00000203 003.2 OF 003

-- particularly among netizens -- to the project; 3) the project carried a cost in China's zero-sum relationship with India on Burma; and 4) it might not be tenable for China or Burma to guarantee the security of the pipeline, particularly portions that may have to get routed through ethnic-controlled territory.

¶11. (C) Han cautioned that further instability in ethnic-controlled territory would cause supporters of the project to receive criticism from within the Party. Han also acknowledged China's strategic interest in finding a way for imported energy products from the Middle East and Africa to bypass the Strait of Malacca, and concluded that it was too early to tell whether the Burma - Yunnan oil pipeline project would be affected by recent instability in Burma. (Note: Embassy Rangoon has heard that China may be actively searching for a foreign oil company to partner with on the pipeline in order to mitigate possible risk. End note.)

Remaining Refugees

¶12. (C) Although a number ("yi bufen") of the Kokang residents who fled into China during last month's clashes have now returned, an uncertain but large number remain, Professor Li told us. Many of those who hold Chinese citizenship may not return at all, he continued. However, he emphasized their designation as "border people" (bianmin) rather than refugees (nanmin), noting that authorities will not designate anyone coming over the border as a refugee in light of the international obligations that would be triggered. Among the current "border people", he confirmed, are several hundred Kokang soldiers who are now in a "designated area". The Chinese and Burmese governments will have to negotiate their ultimate dispensation, he said, noting that they are currently free to return to Burma but cannot go elsewhere in China.

¶13. (U) This cable was coordinated with Embassy Beijing and Embassy Rangoon.
BROWN